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SPECIAL DAIRY REPORT

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Highlights: Pennsylvania wholesale milk prices for the 12-month period December 2000-November 2001 averaged \$16.54 per hundredweight, which was 21.1 percent above the same time period a year earlier.

Production costs averaged \$14.32 per hundredweight of milk for the 12-month period ended December 31, 2001. This is 0.8 percent more than production costs a year ago.

Information is made possible by the voluntary cooperation of Pennsylvania dairy farmers. Questionnaires are mailed to a representative sample of dairy farmers on a monthly basis. Additional reports are obtained by telephone, as needed, to supplement the mail response. Data on production costs and wholesale milk prices are tabulated using responses from commercial dairy farms. A commercial dairy farm is defined as a farm with 10 or more milk cows.

Table 1: Cost of Producing Milk, Average for Commercial Dairy Farms, By Milkshed, Specified Periods, Pennsylvania, 1999-2001¹

One Year Average Ending:	Milkshed											
	Pittsburgh			New York			Philadelphia			State		
	1999	2000	2001	1999	2000	2001	1999	2000	2001	1999	2000	2001
	<i>Dollars Per 100 Pounds of Milk</i>											
March 31	14.95	14.35	15.61	13.89	14.08	15.20	12.70	13.08	13.83	13.26	13.51	14.36
June 30	14.85	14.31	15.81	14.02	14.19	15.32	12.58	13.28	13.93	13.24	13.63	14.49
September 30	14.44	15.09	15.57	13.87	14.71	15.35	12.65	13.53	13.92	13.17	14.05	14.43
December 31	14.55	15.12	15.52	14.01	14.87	15.18	12.78	13.76	13.82	13.33	14.20	14.32

¹ These estimates of the cost of producing milk do not include any returns (costs) for management or equity capital. Neither do they include any possible changes in inventory values of either capital or non-capital assets or liabilities not otherwise accounted for by reported depreciation. Estimates of returns to (costs of) unpaid owner-operator labor and other unpaid family labor are included. Government assessments or deductions for various purposes are **not included** in the estimates of costs that are reported here. (See footnote 1 to Table 2, below.) For a further description of the procedures used to estimate these costs, refer to *Revised Procedures Used by the Pennsylvania Agricultural Statistics Service to Estimate the Cost of Producing Milk*, by Blair J. Smith, Stephen A. Ford, Bradley D. Parks, and Reid S. Miller, A.E. & R.S. 237, The Pennsylvania State University, August 1992.

Table 2: Wholesale Milk Price, Average Price Reported By Commercial Dairy Farmers, 1999-2001¹

Month	Milkshed											
	Pittsburgh			New York			Philadelphia			State		
	1999	2000	2001	1999	2000	2001	1999	2000	2001	1999	2000	2001
	<i>Dollars Per 100 Pounds of Milk</i>											
January	18.81	13.12	14.08	18.56	13.01	14.24	18.71	13.26	14.64	18.70	13.20	14.50
February	17.88	12.72	13.84	17.19	12.67	14.39	17.66	13.00	14.76	17.60	12.90	14.60
March	17.68	13.34	15.17	17.23	13.15	15.79	17.11	13.33	15.75	17.20	13.30	15.70
April	13.42	13.22	15.96	13.23	13.10	16.32	13.30	13.22	16.38	13.30	13.20	16.30
May	14.29	13.47	16.52	13.78	13.21	17.15	13.99	13.59	17.06	14.00	13.50	17.00
June	14.38	13.32	17.35	14.12	13.81	17.76	14.63	13.85	17.74	14.50	13.70	17.70
July	14.62	13.57	17.11	14.62	14.02	17.70	14.59	13.95	17.64	14.60	13.90	17.60
August	14.83	13.28	17.37	15.28	13.94	17.65	14.94	13.89	17.95	15.00	13.80	17.80
September	16.28	13.66	17.70	16.73	14.11	18.62	16.49	14.37	18.54	16.50	14.20	18.50
October	16.65	13.78	17.00	16.34	14.15	17.30	16.96	14.45	17.37	16.80	14.30	17.30
November	17.07	13.48	15.76	16.72	13.75	17.11	17.21	14.68	16.89	17.10	14.40	16.80
December	13.13	13.94		13.27	14.46		13.66	14.90		13.50	14.70	
Annual	15.75	13.41		15.59	13.62		15.77	13.87		15.73	13.76	

¹ These estimates of the wholesale milk price do include whatever government assessments or deductions are in effect at any given time. Thus, one may think of costs as being understated, or prices as being overstated, by the sum of whatever government deductions and assessments happen to be in effect in the month or quarter of interest. At the same time, however, any refunds the farmer may later obtain are not included in returns as an offset to such assessments or deductions.

Cost of Production and Milkshed level data are funded through a cooperative agreement with the Pennsylvania Milk Marketing Board.

Table 3: Cost of Producing Milk, As Reported By Commercial Dairy Farmers, By Milkshed, 2000 & 2001 ¹

Item	Pittsburgh		New York		Philadelphia		State	
	2000	2001	2000	2001	2000	2001	2000	2001
<i>Dollars Per Cwt. of Milk Shipped</i>								
Cost of Purchased Feed:								
October	3.276	3.124	3.888	3.665	3.010	3.262	3.214	3.313
November	2.871	3.323	3.638	3.967	3.160	3.715	3.228	3.680
December	3.296	3.915	4.615	4.246	3.889	3.785	3.927	3.913
Cost of Fertilizer & Lime:								
October	0.250	0.680	0.224	0.389	0.166	0.355	0.190	0.403
November	0.494	0.106	0.475	0.400	0.651	0.469	0.599	0.389
December	1.151	1.113	0.804	0.562	0.718	0.647	0.783	0.694
Cost of Farm Fuels & Lubricants:								
October	0.518	0.429	0.700	0.462	0.436	0.314	0.494	0.356
November	0.422	0.376	0.528	0.431	0.386	0.240	0.423	0.293
December	0.448	0.348	0.522	0.290	0.304	0.253	0.351	0.273
Cost of Dairy Animals Purchased:								
October	0.201	0.202	0.302	0.311	0.271	0.236	0.265	0.245
November	0.136	0.257	0.164	0.618	0.336	0.260	0.275	0.316
December	0.804	0.192	0.995	0.138	0.441	0.322	0.567	0.281
Cost of Hauling:								
October	0.605	0.709	0.737	0.747	0.703	0.703	0.691	0.711
November	0.601	0.615	0.686	0.767	0.717	0.660	0.694	0.667
December	0.552	0.658	0.590	0.671	0.726	0.693	0.683	0.684
Interest Paid on Indebtness:								
October	0.426	0.335	0.348	0.304	0.428	0.366	0.417	0.351
November	0.436	0.329	0.350	0.292	0.424	0.370	0.418	0.346
December	0.394	0.346	0.332	0.325	0.427	0.367	0.403	0.362
Depreciation:								
October	0.900	0.708	0.771	0.674	0.828	0.708	0.830	0.699
November	0.921	0.695	0.776	0.646	0.820	0.715	0.832	0.689
December	0.833	0.731	0.736	0.719	0.826	0.710	0.803	0.721
Value of Unpaid Family Labor:								
October	3.408	3.924	3.163	2.946	2.816	2.348	3.010	2.627
November	4.040	3.665	3.435	2.895	2.425	2.324	2.822	2.597
December	2.658	2.066	2.010	2.209	1.549	1.517	1.750	1.720
Cost of Hired Labor:								
October	0.774	0.659	0.494	0.584	0.886	0.976	0.804	0.866
November	0.690	0.846	0.808	0.770	0.609	0.809	0.665	0.801
December	1.176	1.430	1.092	1.140	0.951	0.734	0.991	0.891
Other Costs:								
October	4.881	4.729	4.593	4.480	4.727	4.607	4.740	4.606
November	4.993	4.642	4.618	4.296	4.681	4.650	4.749	4.542
December	4.520	4.885	4.382	4.780	4.712	4.616	4.586	4.748
Total Costs :								
October	15.24	15.50	15.22	14.56	14.27	13.88	14.65	14.18
November	15.60	14.85	15.48	15.08	14.21	14.21	14.70	14.32
December	15.83	15.68	16.08	15.08	14.54	13.64	14.84	14.29

¹ All costs listed apply to milk only. Adjustments for other farm crop or livestock enterprises, and for sales of dairy livestock (surplus and cull cows, heifers, and calves), have already been made.

Table 4: Milk Cows & Milk Production, By Months, 1998-2001 ¹

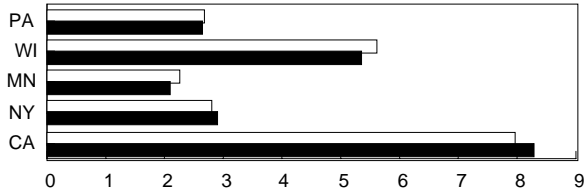
Milkshed Area	Number of Milk Cows ²				Average Production Per Cow				Total Milk Produced ³			
	1998	1999	2000	2001	1998	1999	2000	2001	1998	1999	2000	2001
	<i>(000) Head</i>				<i>Pounds</i>				<i>Million Pounds</i>			
Pittsburgh												
January	124	123	123	120	1,350	1,360	1,440	1,450	167	167	177	174
February	125	125	123	119	1,230	1,255	1,395	1,355	154	157	172	161
March	126	124	125	120	1,380	1,480	1,570	1,525	174	184	196	183
April	126	122	124	122	1,410	1,470	1,495	1,500	178	179	185	183
May	124	121	125	122	1,440	1,520	1,525	1,560	179	184	191	190
June	125	122	124	123	1,300	1,425	1,380	1,440	163	174	171	177
July	124	121	124	123	1,310	1,400	1,400	1,470	162	169	174	181
August	124	121	124	123	1,270	1,380	1,390	1,450	157	167	172	178
September	125	121	121	121	1,290	1,340	1,350	1,410	161	162	163	171
October	124	122	122	122	1,250	1,375	1,420	1,460	155	168	173	178
November	125	123	122	119	1,210	1,350	1,360	1,420	151	166	166	169
December	124	123	122	116	1,270	1,410	1,420	1,500	157	173	173	174
Total or Average	125	122	123	121	15,710	16,765	17,145	17,540	1,958	2,050	2,113	2,119
New York												
January	121	117	116	113	1,380	1,340	1,455	1,470	167	157	169	166
February	120	115	116	112	1,230	1,260	1,405	1,355	148	145	163	152
March	121	116	117	114	1,430	1,470	1,550	1,505	173	171	181	172
April	119	116	115	113	1,440	1,450	1,530	1,485	171	168	176	168
May	119	115	115	113	1,410	1,510	1,555	1,550	168	174	179	175
June	119	115	116	112	1,300	1,410	1,440	1,465	155	162	167	164
July	118	115	116	112	1,330	1,385	1,450	1,455	157	159	168	163
August	119	116	116	112	1,290	1,370	1,440	1,420	154	159	167	159
September	119	118	117	112	1,255	1,335	1,370	1,390	149	158	160	156
October	119	116	115	110	1,250	1,375	1,420	1,445	149	160	163	159
November	118	117	115	109	1,210	1,350	1,380	1,400	143	158	159	153
December	117	117	114	105	1,260	1,410	1,420	1,490	147	165	162	156
Total or Average	119	116	116	111	15,785	16,665	17,415	17,430	1,881	1,936	2,014	1,943
Philadelphia												
January	380	377	378	374	1,580	1,555	1,565	1,560	600	586	592	583
February	380	375	378	371	1,450	1,450	1,520	1,460	551	544	575	542
March	377	374	376	366	1,620	1,620	1,660	1,620	611	606	624	593
April	379	377	376	364	1,600	1,600	1,640	1,570	606	603	617	571
May	380	379	375	364	1,630	1,660	1,660	1,630	619	629	623	593
June	379	377	377	365	1,520	1,545	1,550	1,565	576	582	584	571
July	381	378	379	365	1,550	1,520	1,550	1,540	591	575	587	562
August	380	378	379	363	1,535	1,505	1,530	1,510	583	569	580	548
September	379	377	381	363	1,450	1,465	1,460	1,480	550	552	556	537
October	378	379	381	364	1,520	1,495	1,500	1,530	575	567	572	557
November	377	378	379	368	1,490	1,465	1,460	1,490	562	554	553	548
December	378	379	377	371	1,545	1,525	1,500	1,570	584	578	566	582
Total or Average	379	377	378	367	18,490	18,405	18,595	18,525	7,008	6,945	7,029	6,787
State												
January	625	617	617	607	1,495	1,475	1,520	1,520	934	910	938	923
February	625	615	617	602	1,365	1,375	1,475	1,420	853	846	910	855
March	624	614	618	600	1,535	1,565	1,620	1,580	958	961	1,001	948
April	624	615	615	599	1,530	1,545	1,590	1,540	955	950	978	922
May	623	615	615	599	1,550	1,605	1,615	1,600	966	987	993	958
June	623	614	617	600	1,435	1,495	1,495	1,520	894	918	922	912
July	623	614	619	600	1,460	1,470	1,500	1,510	910	903	929	906
August	623	615	619	598	1,435	1,455	1,485	1,480	894	895	919	885
September	623	616	619	596	1,380	1,415	1,420	1,450	860	872	879	864
October	621	617	618	596	1,415	1,450	1,470	1,500	879	895	908	894
November	620	618	616	596	1,380	1,420	1,425	1,460	856	878	878	870
December	619	619	613	592	1,435	1,480	1,470	1,540	888	916	901	912
Total or Average	623	616	617	599	17,415	17,750	18,085	18,120	10,847	10,931	11,156	10,849

¹ 1998-1999 figures revised. Refers to all Pennsylvania farms including herds with 1-9 cows. Totals may not add due to rounding. ² Includes dry cows. Excludes heifers not yet fresh. ³ Excludes milk sucked by calves.

Milk Production Highlights

Milk production in **Pennsylvania** during the third quarter of 2001 totaled 2.68 billion pounds, down slightly from the comparable period last year. Milk production per cow for the quarter totaled 4,497 pounds, 135 pounds above the comparable quarter of 2000. Total milk cows averaged 595,000 head during the quarter, 21,000 head less than the corresponding period in 2000.

MILK PRODUCTION SELECTED STATES, 2000-2001

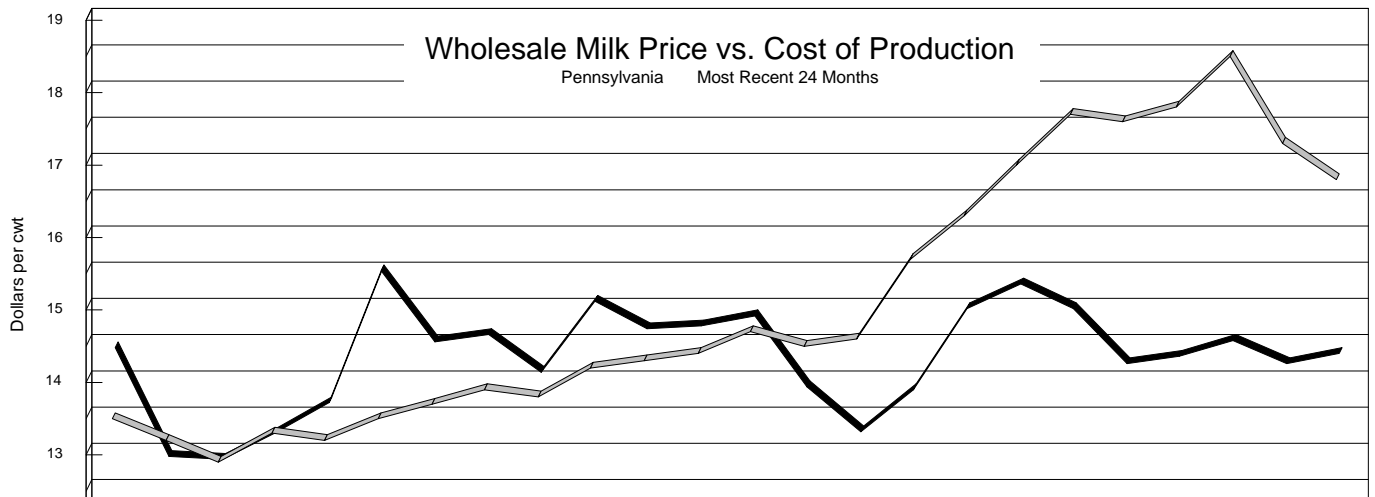


Milk production in the **United States** during the October-December quarter totaled 40.8 billion pounds, slightly above the comparable period in 2000. Milk production per cow for the quarter totaled 4,481 pounds, up 65 pounds from the corresponding quarter of 2000. Total milk cows in the United States averaged 9.10 million head during the quarter, 113,000 head below the corresponding period in 2000.

Table 5: Milk Production, Selected States, 2000-2001

State	Oct-Dec 2000	Oct-Dec 2001	2001 as a % of 2000
	<i>Million Pounds</i>		<i>Number</i>
Pennsylvania	2,687	2,676	100
Wisconsin	5,627	5,377	96
Minnesota	2,279	2,126	93
New York	2,834	2,922	103
California	7,970	8,317	104
United States	40,678	40,764	100

□ OCT-DEC 2000 ■ OCT-DEC 2001



	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV
Price	13.5	13.2	12.9	13.3	13.2	13.5	13.7	13.9	13.8	14.2	14.3	14.4	14.7	14.5	14.6	15.7	16.3	17	17.7	17.6	17.8	18.5	17.3	16.8
Cost	14.39	12.9	12.85	13.21	13.63	15.45	14.47	14.57	14.06	15.03	14.65	14.7	14.84	13.86	13.24	13.81	14.94	15.28	14.94	14.18	14.28	14.49	14.18	14.32

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